

**PLYMOUTH COUNTY AREA
SOLID WASTE AGENCY
Independent Auditors' Report
June 30, 2009 and 2008**

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PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Loutsch	Board Member and Executive Board	Plymouth County
Rick Bohle	Board Member and Executive Board	City of Kingsley
Dennis Slota	Board Member and Executive Board	City of Remsen
Charlie Eufers	Board Member and Executive Board	City of Le Mars
Bruce Norgaard	Board Member and Executive Board	City of Merrill
Keith Towns	Board Member	City of Hinton
Ray Lubben	Board Member	City of Brunsville
JoAnn Eden	Board Member	City of Westfield
Cheryl Christman	Board Member	City of Oyens
Joe Vollmecke	Board Member	City of Struble
Barry Cornish	Board Member	City of Craig
Stuart Harris	Board Member	Plymouth County
Bret Udell	Board Member	Plymouth County
Tony Paskert	Board Member	Plymouth County

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Plymouth County Area Solid Waste Agency:

We have audited the financial statements of PLYMOUTH COUNTY AREA SOLID WASTE AGENCY as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Plymouth County Area Solid Waste Agency as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles

In accordance with *Government Auditing Standards* we have also issued a report dated October 15, 2009 on our consideration of Plymouth County Area Solid Waste Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Williams & Company P.C.

Certified Public Accountants

Le Mars, Iowa
October 15, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Plymouth County Area Solid Waste Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues decreased 8%, or \$62,130 from the fiscal year 2008 to fiscal year 2009.
- The Agency's operating expenses decreased 12%, or \$105,442 from fiscal year 2008 to fiscal year 2009.
- The Agency's net assets increased 1%, or \$11,001 from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The Plymouth County Area Solid Waste Agency is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to Plymouth County Area Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Assets presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Agency's financial position. The Agency's net assets for fiscal year 2009 totaled \$1,429,792. This compares to \$1,418,791 for fiscal year 2008. A summary of the Agency's net assets is presented below.

Net Assets		
	June 30,	
	2008	2009
Current assets	\$ 708,744	\$ 718,700
Restricted investments	505,215	531,707
Capital assets at cost, less accumulated depreciation	1,277,362	1,211,242
Total assets	2,491,321	2,461,649
Current liabilities	96,688	79,959
Long-term liabilities	975,842	951,898
Total liabilities	1,072,530	1,031,857
Net assets:		
Invested in capital assets, net of related debt	1,008,603	965,576
Restricted for Closure/Post Closure Costs	505,215	531,707
Unrestricted	(95,027)	(67,491)
Total net assets	\$ 1,418,791	\$ 1,429,792

37.1% of the Agency's net assets are restricted for closure and post closure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The invested in capital assets (67.5%, e.g., land, buildings and equipment), portion of net asset are resources allocated to capital assets.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for hauling charges from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues consist of interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues and expenses for the years ended June 30, 2009 and June 30, 2008 is presented below:

Changes in Net Assets

	Year ended June 30,	
	2009	2008
OPERATING REVENUES		
Assessments	\$ 186,834	\$200,000
#1 Materials	346,210	290,897
Construction & Demolition	110,170	98,901
State Grant	-	20,000
Steel Sales	11,535	41,929
Other Operating Revenues	64,077	129,2269
Total Operating Revenues	718,826	780,9546
OPERATING EXPENSES		
Trucking Expense	5,006	4,331
Recycling Costs	288,707	304,029
Salaries and Wages	159,342	158,482
Payroll Taxes	9,208	8,890
Utilities	9,112	11,676
Insurance	73,224	62,204
Board Expense	3,813	4,870
Office Expense	4,123	3,489
Professional Fees	36,332	58,713
Custom Work	9,011	-
Repairs and Maintenance	31,436	36,731
Fuel and Oil	27,864	44,415
Hazardous Waste Disposal Costs	15,407	22,517
Closure/Postclosure Costs	-	55,000
Bad Debt Expense	-	14,060
Other Operating Expenses	4,304	2,643
Depreciation	72,620	62,901
Total Operating Expenses	749,509	854,951
Operating (Loss)	(30,683)	(73,995)
NON-OPERATING REVENUE		
Interest on Investments	51,063	60,248
Interest Expense	(9,379)	(3,437)
Total Non-Operating Revenues (Expenses)	41,684	56,811
Change in Net Assets	\$ 11,001	\$ (17,184)

In fiscal year 2009, operating revenues decreased by \$62,130 or 8%, operating expenses decreased by \$105,442 or 12%. The changes in operating, revenues and expenses are presented above.

Statement of Cash Flows

The Statement of Cash Flow presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the purchase of capital assets. Cash provided by investing activities includes proceeds from the redemption of certificates of deposit.

CAPITAL ASSETS

At June 30, 2009, the Agency had approximately \$1,211,242 invested in capital assets, net of accumulated depreciation of approximately \$724,720. Depreciation charges totaled \$72,620 for fiscal year 2009. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At June 30, 2009, the Agency has a 10 year note payable for a compactor. More detailed information about the Agency's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS

Plymouth County Area Solid Waste Agency maintained its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and post closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Agency anticipates the current fiscal year will be improved compared to the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Plymouth County Area Solid Waste Agency, 34898 150th St., Le Mars, Iowa 51031.

FINANCIAL STATEMENTS

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Net Assets
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 106,640	\$ 132,606
Investments (Note 2)	507,144	463,897
Receivables:		
Accounts Receivable	-	724
Accrued Interest	7,043	8,504
Due from Other Governments	77,868	83,124
Prepaid Insurance	20,005	19,889
Total Current Assets	718,700	708,744
Long Term Assets		
Restricted Assets:		
Temporary Cash Investments (Note 3)	531,707	505,215
Land	30,000	30,000
Infrastructure, Property, and Equipment (Net of Accum. Depreciation) (Note 4)	1,181,242	1,247,362
Total Long Term Assets	1,742,949	1,782,577
Total Assets	2,461,649	2,491,321
LIABILITIES		
Current Liabilities		
Accounts Payable	31,593	49,618
Accrued Wages and Compensated Absences	6,513	6,176
Other Accrued Liabilities	755	772
Current Portion of Long Term Debt	23,768	22,917
Accrued Interest	663	538
Unearned Revenue	16,667	16,667
Total Current Liabilities	79,959	96,688
Long Term Liabilities		
Bank Notes Net of Current Portion (Note 7)	221,898	245,842
Estimated Liability for Landfill Closure and Post closure Care Costs (Note 3)	730,000	730,000
Total Long Term Liabilities	951,898	975,842
Total Liabilities	1,031,857	1,072,530
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	965,576	1,008,603
Restricted for Closure/Post Closure Costs	531,707	505,215
Unrestricted	(67,491)	(95,027)
Total Net Assets	\$ 1,429,792	\$ 1,418,791

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Assessments	\$ 186,834	\$ 200,000
#1 Materials (Transfer Station)	346,210	290,897
Construction & Demolition Materials	110,170	98,901
State Grant	-	20,000
Steel Sales	11,535	41,929
Other Operating Revenues	64,077	129,229
Total Operating Revenues	<u>718,826</u>	<u>780,956</u>
OPERATING EXPENSES		
Trucking Expense	5,006	4,331
Recycling Costs	288,707	304,029
Salaries and Wages	159,342	158,482
Employee Benefits	9,208	8,890
Utilities	9,112	11,676
Insurance	73,224	62,204
Board Expense	3,813	4,870
Office Expense	4,123	3,489
Professional Fees	36,332	58,713
Custom Work	9,011	-
Repairs and Maintenance	31,436	36,731
Fuel and Oil	27,864	44,415
Hazardous Waste Disposal Costs	15,407	22,517
Closure/Postclosure Costs	-	55,000
Bad Debt Expense	-	14,060
Other Operating Expenses	4,304	2,643
Depreciation	72,620	62,901
Total Operating Expenses	<u>749,509</u>	<u>854,951</u>
Operating (Loss)	<u>(30,683)</u>	<u>(73,995)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	51,063	60,248
Interest Expense	(9,379)	(3,437)
Total Non-Operating Revenues	<u>41,684</u>	<u>56,811</u>
Change in Net Assets	11,001	(17,184)
Net Assets Beginning of Year	<u>1,418,791</u>	<u>1,435,974</u>
Net Assets End of Year	<u>\$ 1,429,792</u>	<u>\$ 1,418,791</u>

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities:		
Cash Received from Assessments	\$ 192,090	\$ 201,208
Cash Received from Monthly Hauling Charges	346,934	290,961
Cash Received from Construction and Demolition Materials	110,170	98,901
Cash Received from Other Operating Receipts	75,612	191,158
Cash Paid to Suppliers for Goods and Services	(535,689)	(577,846)
Cash Paid to Employees for Services	(159,022)	(162,825)
Net Cash Provided by Operating Activities	<u>30,095</u>	<u>41,557</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Equipment Notes	-	442,075
Principal Payments	(23,093)	(173,316)
Interest Payments	(9,254)	(2,899)
Purchase of Capital Assets	(6,498)	(495,117)
Net Cash (Used) by Capital and Related Financing Activities	<u>(38,845)</u>	<u>(229,257)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(624,660)	(180,323)
Proceeds from the Sale of Investments	554,921	245,314
Interest Received	52,523	60,652
Net Cash Provided (Used) by Investing Activities	<u>(17,216)</u>	<u>125,643</u>
Net (Decrease) in Cash and Cash Equivalents	(25,966)	(62,057)
Cash and Cash Equivalents Beginning of Year	<u>132,606</u>	<u>194,663</u>
Cash and Cash Equivalents End of Year	<u><u>106,640</u></u>	<u><u>132,606</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:		
Operating Income	(30,683)	(73,995)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:		
Depreciation	72,620	62,901
Bad Debt Expense	-	14,060
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	724	(13,996)
(Increase) Decrease in Due from Other Governments	5,256	1,208
(Increase) in Prepaid Insurance	(116)	(685)
Increase in Accounts Payable	(18,026)	1,406
(Decrease) in Accrued Wages and Compensated Absences	337	(4,556)
Increase (Decrease) in Other Accrued Liabilities	(17)	213
Increase in Estimated Closure/Postclosure Liability	-	55,000
Total Adjustments	<u>60,778</u>	<u>115,551</u>
Net Cash Provided by Operating Activities	<u><u>\$ 30,095</u></u>	<u><u>\$ 41,557</u></u>

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

Plymouth County Area Solid Waste Agency was formed in 1973 pursuant to the provisions of Chapter 28F of the Code of Iowa. The purpose of the Plymouth County Area Solid Waste Agency is to operate the sanitary landfill in Plymouth County, Iowa, for use by all the municipalities therein.

The Plymouth County Area Solid Waste Agency is composed of one representative of each of the ten member cities and five representatives from Plymouth County. The member cities are: Brunsville, Craig, Hinton, Kingsley, Le Mars, Merrill, Oyens, Remsen, Struble and Westfield.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts for the Agency are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies – (Continued)

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Investments

The following accounting policies are followed in preparing the Statement of Net Assets:

Cash, Investments and Cash Equivalents – The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have an original maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2009 and 2008 include unrestricted certificates of deposit of \$507,144 and \$463,897, and restricted certificates of deposit of \$531,707 and \$505,215, respectively.

Restricted Investments – Funds set aside for payment of closure and post closure care costs are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of \$1,000.

Depreciation is computed using the straight-line method over useful lives ranging from 5 to 40 years.

Compensated Absences – The Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2009 and 2008.

Note 2 - Cash and Investments

The Agency's deposits (demand deposits and certificates) at June 30, 2009 and 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 2 - Cash and Investments – (Continued)

The Agency's investments consist only of certificates of deposits which are stated at cost.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure. Information about the exposure of the Agency's debt type investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1 – 5 Years
Certificates of Deposits	\$ 1,038,851	\$ 207,163	\$ 831,688

Note 3 - Closure and Post Closure Care Costs

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/post closure plan and to provide funding necessary to effect closure and post closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and post closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in post closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Plymouth County Area Solid Waste Agency have been estimated at \$730,000 and \$730,000 as of June 30, 2009 and 2008, and the entire liability has been recognized. This is based on what it would cost to perform all closure and post closure care during the years ended June 30, 2009 and 2008. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of June 30, 2009, the estimated remaining life of the landfill is about 74.36 years.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Agency has begun accumulating

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 3 - Closure and Post Closure Care Costs - (Continued)

resources to fund these costs and, at June 30, 2009 and 2008, assets of \$531,707 and \$505,215, respectively, are restricted for these purposes, of which \$127,649 and \$120,919, respectively, is for closure and \$404,058 and \$384,296, respectively, is for post closure care. They are reported as restricted investments and restricted net assets on the Statement of Net Assets.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Agency to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 4 - Capital Assets

A summary of capital assets at June 30, 2009 and 2008 is as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
	30,000	-	-	30,000
Capital Assets being depreciated:				
Buildings and Improvements	915,311	-	-	915,311
Equipment and Vehicles	983,177	29,329	31,854	980,652
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	1,908,488	29,329	31,854	1,905,963
Less accumulated depreciation for:				
Buildings and Improvements	360,987	24,353	-	385,340
Equipment and Vehicles	296,639	48,167	9,025	335,781
Infrastructure	3,500	100	-	3,600
Total accumulated depreciation	661,126	72,620	9,025	724,721
Total capital assets being depreciated, net	1,247,362	(43,291)	22,829	1,181,242
Total capital assets, net	\$ 1,277,362	\$ (43,291)	\$ 22,829	\$ 1,211,242

A summary of capital assets at June 30, 2009 and 2007 as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
	30,000	-	-	30,000
Capital Assets being depreciated:				
Buildings and Improvements	862,269	53,042	-	915,311
Equipment and Vehicles	592,665	445,512	55,000	983,177
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	1,464,934	498,554	55,000	1,908,488
Less accumulated depreciation for:				
Buildings and Improvements	337,409	23,578	-	360,987
Equipment and Vehicles	308,979	39,223	51,563	296,639
Infrastructure	3,400	100	-	3,500
Total accumulated depreciation	649,788	62,901	51,563	661,126
Total capital assets being depreciated, net	815,146	435,653	3,437	1,247,362
Total capital assets, net	\$ 1,277,361	\$ 435,653	\$ 3,437	\$ 1,277,362

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 5 - Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenditures from its fund at the time of payment to the risk pool. The Agency's contributions to the Pool for the year ended June 30, 2009 was \$11,703.83.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$7,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$7,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the Agency's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 5 - Risk Management (Continued)

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$15,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 6 - Pension and Retirement Benefits

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the Agency is required to contribute 6.35% of annual payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$9,208, \$8,890, and \$6,132, respectively, equal to the required contributions for each year.

Note 7 - Changes in Long-Term Liabilities

Bank Notes

During the year ended June 30, 2008, the Agency financed the purchase of a compactor with a bank note. The outstanding balance on this note as of June 30, 2009 is \$245,666. This note bears interest at a rate of 3.65%. Final payment on the note is due in the year ending June 30, 2018.

Details of bank notes payable at June 30, 2009 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2009
Bank Notes	3/31/08	3.65%	May 10, 2018	\$22,917-\$30,675	\$271,075	\$ 245,666

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

Note 7 - Changes in Long-Term Liabilities (Continued)

A summary of the annual bank note principal and interest requirements to maturity by year is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 23,768	\$ 8,578	\$ 32,346
2011	24,650	7,696	32,346
2012	25,565	6,781	32,346
2013	26,514	5,832	32,346
2014	27,498	4,848	32,346
2015-2018	117,671	8,800	126,471
Total	<u>\$ 245,666</u>	<u>\$ 42,535</u>	<u>\$ 288,201</u>



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the
Plymouth County Area Solid Waste Agency:

We have audited the financial statements of the Plymouth County Area Solid Waste Agency as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated October 15, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purposed described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

Plymouth County Area Solid Waste Agency's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Agency's responses, we did not audit the Agency's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
October 15, 2009

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Schedule of Findings
For the Year Ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Finding Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were noted

SIGNIFICANT DEFICIENCIES:

II-A-09 Financial Accounting - Segregation of Duties – An important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has control over each of the following areas for the Agency:

- (1) Accounting System – record keeping for revenues and expenses, and
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Payroll – changes to master list, preparation and distribution.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is very difficult. However, we will have the manager review receipts, posting, and payroll on a test basis.

Conclusion - Response accepted.

II-B-09 Financial Reporting - During the audit, we identified material amounts of receivables, payables, accruals and capital asset additions not recorded in the Agency's financial statements. Adjustments were subsequently made by the Agency to properly include these amounts in the financial statements.

Recommendation The County should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the County's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion - Response accepted.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Schedule of Findings
For the Year Ended June 30, 2009

Part III: Other Findings Related to Statutory Reporting

- III-A-09 Official Depositories** – A resolution naming official depositories has been adopted by the agency. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2009.
- III-B-09 Questionable Expenses** – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-C-09 Travel Expense** – No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- III-D-09 Board Minutes** – No transactions were found that we believe should have been approved in the Agency minutes but were not.
- III-E-09 Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.
- III-F-09 Financial Assurance** – The Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$730,000
Less: Balance of funds held in local dedicated fund at June 30, 2009	<u>(531,707)</u> 224,785
Divided by the lesser of ten years or the remaining life of the landfill.	\div 10
Required initial payment into the local dedicated fund	<u>\$22,479</u>
Balance of funds held in the local dedicated fund at June 30, 2009	<u>\$531,707</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2009	<u>\$527,694</u>